

Message Text

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PAGE 01 SANTO 04958 061444Z

53

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 TRSE-00 SCEM-02

SCI-06 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

ACDA-19 IO-14 OMB-01 CIEP-02 SIL-01 LAB-06 AID-20

IGA-02 NEA-10 DRC-01 /201 W
----- 051898

R 061315Z DEC 73

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9385

INFO AMEMBASSY CARACAS

UNCLAS SANTO DOMINGO 4958

E.O. 11652: N/A

TAGS: ENRG, DR

SUBJECT: PETROLEUM: GODR AUTHORIZES GASOLINE PRICE INCREASES

REF: SD 4829

1. ON NOVEMBER 30, GODR AUTHORIZED BY RESOLUTION
THE INCREASE IN PRICES OF KEROSENE AND TWO GRADES OF GASOLINE. THESE
PRODUCTS ARE REFINED LOCALLY FROM RECONSTITUTED CRUDE IMPORTED FROM
VENEZUELA. PRICE INCREASES BECAME EFFECTIVE AT 6:00 A.M., SUNDAY,
DECEMBER 2.

2. GODR RESOLUTION BASED PRICE INCREASE ON 56 PERCENT INCREASE IN
PRICES FOB VENEZUELA FOR CRUDE USED BY LOCAL REFINERY. NINETY-FIVE
OCTANE GASOLINE RETAIL PRICE INCREASED FROM RD \$0.508 PER U.S. GALLON
TO RD \$0.584 (UP 14.9 PERCENT); ONE HUNDRED OCTANE GASOLINE MOVED FRO
M
RD\$0.612 TO RD\$0.692 (UP 13.1 PERCENT); AND KEROSENE WAS RAISED FROM
RD\$0.483 TO RD\$0.584 (UP 20.9 PERCENT). PRICES FOR OTHER REFINERY
PRODUCTS, LIQUID GAS AND DIESEL FUEL, AND IMPORTED FUELS AND
LUBRICANTS WERE NOT COVERED BY THE RESOLUTION. HOWEVER, LIQUID
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PAGE 02 SANTO 04958 061444Z

GAS PRICES HAD BEEN INCREASED NOVEMBER 23 BY RD\$0.8 PER GALLON (UP

20.5 PERCENT) FOR INDUSTRIAL USERS AND RD\$1.65 PER HUNDRED POUND BOTTLE
(UP 15.9 PERCENT) FOR HOUSEHOLD USE. DIESEL FUEL PRICES REMAIN UNCHANGED BUT AN INCREASE OF ABOUT RD\$0.10 PER GALLON IS ANTICIPATED BY THE END OF THIS WEEK.

3. THE RESOLUTION ALSO AUTHORIZED AN AVERAGE RD\$0.02 PER GALLON INCREASE IN THE MARGIN PERMITTED BETWEEN DISTRIBUTOR SALE AND DEALER PURCHASE PRICE. ACCORDING TO EMBASSY MARKETING CONTACTS, THIS INCREASE WAS GIVEN BY GODR TO COMPENSATE DISTRIBUTORS FOR PAST "LOSSES".

4. GODR HAS JUSTIFIED THIS THIRD GASOLINE PRICE INCREASE FOR CY73 ON WORLD MARKET FACTORS AND VENEZUELAN ACTIONS. MOST IMMEDIATE LOCAL REACTION OCCURRED IN PUBLIC TRANSPORTATION SECTOR, ESPECIALLY AMONG TAXI (PUBLIC) GROUP. SEVERAL TAXI OPERATORS INITIATED UNAUTHORIZED RD\$0.05 INCREASE IN FARES. GODR PRICE CONTROL ENTITY HAS DENOUNCED TAXI FARE INCREASES AND AT LEAST ONE UNION OF TAXI DRIVERS HAS CALLED FOR GOVERNMENT SUBSIDIES IN LIEU OF FARE INCREASES.

5. COMMENT: GODR APPEARS CONFIDENT THUS FAR THAT PRICE INCREASES CAN BE BLAMED ON UNCONTROLABLE OUTSIDE FORCES AND THAT RESISTANCE TO NEW PRICES CAN BE OVERCOME WITHOUT RESORTING TO SUBSIDIES.
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Message Attributes

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Disposition Date: 01 JAN 1960
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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